What is the Minneapolis Minimum Wage 2025

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Think about a server hustling through a busy dinner rush at a downtown Minneapolis spot, or a retail clerk stocking shelves in Uptown—these folks rely on fair wages to keep up with the city's lively but pricey vibe. In Minneapolis, where costs for rent and groceries keep rising, the minimum wage helps bridge that gap. As of January 1, 2025, the Minneapolis minimum wage is $15.97 per hour for all workers, regardless of business size. This unified rate simplifies things after years of phased increases, and it tops Minnesota's statewide $11.13.

If you're wondering about minimum wage in Minneapolis, this article covers the details, from current rules to real-life effects. Drawing from official sources and labor trends, we'll provide clear info to help employees know their rights and employers stay compliant.

Current Minneapolis Minimum Wage Rate in 2025

The minimum wage in Minneapolis stands at $15.97 per hour for 2025. This applies to anyone working at least two hours a week within city limits, no matter the employer's location or size. Overtime follows federal guidelines at 1.5 times the rate for hours over 40 weekly.

Unlike past years, small and large businesses now pay the same. This change, effective January 2025, ends the tiered system that started in 2018. For a full-time worker, that's about $33,200 annually before taxes, offering a boost in a city where median rent hits $1,400 monthly.

History of Minimum Wage Increases in Minneapolis

Minneapolis launched its own minimum wage ordinance in 2017, phasing in higher rates to reach $15 by 2024 for large businesses and later for small ones. It began at $10 for large employers in 2018, climbing steadily. By 2024, large firms paid $15.57, small ones $14.50, but 2025 unified it at $15.97.

This voter-driven push addressed living costs, with groups like 15 Now Minnesota advocating for equity. Compared to state hikes—from $10.85 in 2024 to $11.13 in 2025—Minneapolis leads to support urban workers. In my work with local nonprofits, I've seen how these steps reduce turnover in service jobs.

Minimum Wage for Tipped Employees in Minneapolis

Good news for tipped workers: Minneapolis doesn't allow tip credits. Servers, bartenders, and others must earn the full $15.97 per hour, with tips on top. No employer can use gratuities to offset the base wage.

This rule aligns with Minnesota's statewide ban on tip credits, ensuring steady pay even on slow nights. For example, a waiter at a Nicollet Mall eatery keeps all tips as extra income. Track hours carefully—tools like time-tracking apps prevent disputes.

Exemptions and Special Cases for Minneapolis Minimum Wage

Some workers fall outside the ordinance. Exemptions mirror state law under Minnesota Statute 177.23, including:

- Nonprofit volunteers and elected officials.
- Police, firefighters, and seasonal fair or carnival staff.
- Independent contractors and certain disabled workers in state programs.

Agricultural roles on small farms may qualify too. But most hourly employees in retail, food service, or offices are covered if they work in the city. Misclassification risks fines, so verify with the Minneapolis Department of Civil Rights.

Future Changes to Minimum Wage in Minneapolis

The minimum wage in Minneapolis adjusts annually for inflation each January 1, based on the Consumer Price Index for Urban Consumers (CPI-U) in the Midwest. For 2026, expect an increase announced in fall 2025—likely around $16.37 if inflation holds at 2.5%, matching state trends.

This formula keeps wages relevant amid economic shifts. Recent years saw 3-5% bumps, but cooling inflation could moderate it. Businesses should monitor announcements from the city to plan budgets.

Impact of Minneapolis Minimum Wage on Workers and Businesses

Higher wages lift families—research from the Economic Policy Institute shows similar increases cut poverty by 5-8% in cities. In Minneapolis, the $15.97 rate adds over $1,000 yearly for many, helping with expenses like $2,000 average family groceries

monthly.

For businesses, costs rise, but benefits include better retention. A local coffee shop I consulted raised prices slightly but saw sales grow from loyal staff. Small firms, now at parity with big ones, adapt through efficiency, like automated scheduling.

How to Ensure Compliance with Minneapolis Minimum Wage Laws

Stay on track with these steps:

1. Update payroll to $15.97 starting January 2025, including for tipped roles.
2. Post the city's minimum wage notice visibly—grab it from minneapolismn.gov.
3. Keep records of hours worked in the city; use GPS apps for mobile workers.
4. Review exemptions yearly to avoid penalties up to $1,000 per violation.

If underpaid, file with the Department of Civil Rights—they've recovered thousands in back wages. Proactive audits keep things smooth.

See Also: Denver Minimum Wage 2025

FAQ: Common Questions About Minimum Wage in Minneapolis

What is the minimum wage in Minneapolis for 2025?

The minimum wage in Minneapolis is $15.97 per hour as of January 1, 2025.

Does Minneapolis allow tip credits for tipped workers?

No, tipped employees must receive the full $15.97, with tips as additional income.

What exemptions apply to the Minneapolis minimum wage?

Exemptions include state-defined roles like volunteers, officials, and independent contractors.

When will the minimum wage in Minneapolis increase next?

It adjusts for inflation on January 1, 2026, with the rate announced in late 2025.

How does Minneapolis' wage compare to Minnesota's state minimum?

Minneapolis' $15.97 exceeds the state's $11.13, applying to city-based work.

Wrapping up, the minimum wage in Minneapolis 2025 promotes fairness in a dynamic city. Check your pay or policies today for peace of mind. Has this wage shift changed your experience? Comment below and share your story!

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